

UNRESTRICTED

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ORIGINAL: ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE
FIRST SESSION OF THE CONTRACTING PARTIES
SUMMARY RECORD OF THE EIGHTH MEETING

Held at the Capitolio, Havana, Cuba, on 15 March 1948 at 6.00 p.m.

Item 7 (a) of the Agenda

Reconsideration of Certain Customs Duties set forth in Schedule XV.

Mr. HASNIE (Pakistan) introduced document GATT/1/25. He stated that even at the time of the signing of the Final Act of the G.A.T.T. at Geneva, the Government of Pakistan had requested their representative to enter a Caviat to the effect that since the full implications of the concessions exchanged could not be examined at that time, they should not be deprived of their right to review the schedule of concessions later. He recalled the advice given by the chairman in Geneva that whereas the text of the Caviat could be circulated among the parties to the negotiations, it could not be added to the text of the Final Act. He therefore emphasized that Pakistan had been from the very beginning alive to the peculiar circumstances of the case and lost no time in bringing it to the notice of the Contracting Parties. He then referred to the recent developments in the trade relations between Pakistan and India. The two countries had free trade between them in accordance with an agreement reached at the time of partition; but the position had changed with effect from 1.3.48, as India had decided to consider Pakistan a separate customs territory. He also referred to the budget speech of the Finance Minister of the Government of Pakistan, in which he had stated how advantageous it would be for the two countries to have no trade barriers. The negotiations were still in progress and that was the main reason why a list of items could not be placed now by Pakistan before the Contracting Parties. He stressed the keen desire of Pakistan to maintain the most cordial relations with her sister dominion, India. He requested that Pakistan be allowed the privilege to renegotiate certain items when the Contracting Parties met again, thus facilitating the approval of the General Agreement and of the Charter by the Pakistan legislature.

Mr. EVANS (United States) had no objection to putting the item on the agenda of the Second Session. The United States could negotiate with Pakistan when the Trade Agreement Act was renewed. It was doubtful whether the United States would be able to negotiate at the June meeting of the

/Contracting

Contracting Parties.

Mr. LAMSVELT (Netherlands) stated that presumably Pakistan would offer equivalent benefits if it withdrew any concessions in the course of renegotiations.

Mr. HASNIE (Pakistan) stated that Pakistan would naturally offer a new concession in place of any concession it withdrew, or alternatively, it would agree to the withdrawal by another country of a concession equivalent to that which it withdrew.

Mr. ROYER (France) inquired whether there were any particulars available on the items in question.

Mr. HASNIE (Pakistan) replied that under the circumstances with which his Government were faced at Geneva and the present stage of trade negotiations between Pakistan and India, his Government were not in a position to furnish a list of items to the Contracting Parties, nor could he advise them to do so immediately.

Mr. LAMSVELT (Netherlands) pointed out any withdrawal of concessions would have to be done by mutual agreement.

Mr. ADARKAR (India) stated India recognized that partition naturally changed the situation from the time the Geneva negotiations took place. Partition had brought disadvantages for both India and Pakistan. His delegation was unable to commit itself to any particular view on the request by Pakistan. The whole problem of Indo-Pakistan future economic relations was now under discussion, and he would have preferred to have had this question raised in the course of the talks now taking place between the two countries. Such action would have the advantage of insuring previous agreement between India and Pakistan before the matter was taken further. The items in question might be few, but they could also be of substantial importance. Renegotiation of such items could, therefore, unbalance the Geneva Agreement. For example, if Pakistan withdrew a concession from the United States, the United States could withdraw its concession on jute. India could well be adversely affected by any such development. He was not clear on whether Pakistan proposed offering concessions on new items to get new concessions or whether they wished to withdraw concessions, thus leading to the withdrawal by others of concessions on items of interest to India. India would not wish any renegotiations to affect adversely the results of the Indian negotiations at Geneva. He added that he would have to consult his Government on the whole question raised by the representative of Pakistan.

Mr. HASNIE (Pakistan) felt that Mr. Adarkar's apprehensions were unfounded. The balance struck at Geneva would not be upset by the renegotiations which would be subject, in any case, to the approval of all the affected parties. The renegotiations would affect both imports and exports. If Pakistan sought changes in the Agreement, such changes could only apply to Pakistan and not to India because their schedules, though common, were separate.

/Mr. LOPES-RODRIGUES

Mr. LOPES-RODRIGUES (Brazil) felt the meeting should assure the representative of Pakistan that in principle it accepted discussion of this matter at the proper time.

Mr. LAMSVELT (Netherlands) inquired what tariff Pakistan was applying since 1 March.

Mr. HASNIE (Pakistan) replied that Pakistan was applying its pre-partition tariff, which was similar to that of India. However, as Pakistan and India were now considered separate customs territories on the initiative of India, Pakistan might well vary its tariff rates in the future, in which case the Pakistan and Indian tariffs would not be the same.

Mr. ADARKAR (India) stated that a second alternative which could be employed by Pakistan would consist of withdrawing its Schedule from the General Agreement and renegotiating completely under Article XXXIII; such action could be taken on the basis that the Pakistan Government is new and was not in existence at the time the Geneva negotiations were initiated. Such action would leave intact the result of India's negotiations at Geneva. However, if Pakistan wished to adopt another procedure, India should be allowed some time before the matter was dealt with, to give it proper consideration and to discuss it with the Government of Pakistan.

Mr. EVANS (United States) suggested that the matter be put on the agenda of the Second Session. In the meantime, perhaps Pakistan could provide other countries with further particulars.

Mr. HASNIE (Pakistan) said that if the meeting could definitely agree that renegotiation of a limited number of items could take place, such a decision would be of substantial assistance in dealing with the matter before the legislature of Pakistan. He was unconvinced by the arguments of the representative of India, which he felt were not at all applicable to the matter being raised. He stated that India's point was of little practical value, as whether the whole schedule was scrapped and reintroduced with the modifications Pakistan would like to make or only change a few items corresponding to the modifications would make no difference to India, and recourse to Article XXXIII was not necessary. He very much wished to be able to secure a decision on his country's request which he could take back to his Government.

Mr. GUTIERREZ (Cuba) inquired whether Pakistan could not first agree with India on the items to be renegotiated and then raise the matter again with the Contracting Parties.

Mr. HASNIE (Pakistan) stated his country was anxious to settle both the problem now being considered and the question of free trade with India. However, unilateral action taken by India in doing away with free trade, made it difficult to foresee future developments. But Pakistan would certainly make every effort to co-operate with India.

/Mr. COOMBS

Mr. COOMBS (Australia) could not agree to the request by Pakistan, due to the absence of instructions from his Government. He recognized that the matter was unusual and warranted exceptional treatment. He sympathized with the case of Pakistan but felt that the lack of data made it impossible to reach a clear decision.

The CHAIRMAN stated there was general recognition that Pakistan's case was of a special nature. However, there appeared to be no support for the view that the meeting should agree that renegotiation would definitely take place. He, therefore, felt that the best solution would be to place the same item on the agenda of the Second Session.

Mr. HASNIE (Pakistan) accepted this view. He thanked the Chairman for pointing out that Pakistan is in a peculiar position. So long as this fact was recognized and recorded, he knew that the next session would consider this matter with all due sympathy for the problems of his country.

Mr. EVANS (United States) pointed out that at the Second Session it would be as difficult as it now was to decide on the request by Pakistan, unless more specific information was provided. If renegotiation with the United States was foreseen, the necessary data should be available as soon as possible due to the substantial advance action which is required in the United States owing to its existing legislation.

Mr. HASNIE (Pakistan) assured the meeting he would urge his Government to act as early as possible.

Mr. ADARKAR (India) wished to make it clear the position he had adopted did not signify any lack of sympathy with Pakistan. He pointed out it was not entirely correct to state that developments leading to the two countries being separate customs territories were due to unilateral action taken by India; Pakistan, after the two countries had agreed on the desirability of maintaining a system of free trade between them, had imposed an export duty on jute, which had lead India to feel compelled to declare the two countries separate customs territories. He made this clarification to dispel any possible misunderstandings. He had no objection to the item being placed on the agenda of the Second Session.

The CHAIRMAN stated the item would be placed on the agenda of the Second Session and that Pakistan would supply the necessary information previous to that Session.
